

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0944-01
Bill No.: HB 257
Subject: Labor and Industrial Relations, Department of; Education, Elementary and Secondary; Boards, Commissions, Committees, Councils
Type: Original
Date: January 22, 2015

Bill Summary: This proposal establishes the School Construction Act which exempts construction and maintenance work done for certain school districts from the prevailing wage requirement upon the school board's approval.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the passage of this proposal would require zero increase in state costs and has the added benefit of reducing public school district facility construction costs significantly. DESE cannot estimate the amount of savings to school districts.

Officials at the **Department of Labor and Industrial Relations, Kansas City Public Schools, Riverview Gardens School District**, and the **Special School District of St. Louis** each assume there is no fiscal impact to their respective organization from this proposal.

Officials at the **Parkway Schools** assume this proposal could have a potential savings. It could save the school money if non-union or non-prevailing wages could be paid for construction projects. It is difficult at this time to determine the potential savings.

Officials at the **Branson Public Schools** assume they consistently estimate between 15-20% savings on prevailing wage projects as a public government entity. The District just completed a bond issue project totaling \$40 million. If this proposal would have been in place the District would have saved \$6-8 million.

Officials at the **Everton R-III School District** assume this would have a large impact. Currently this is impossible to calculate, but it would result in more savings and potentially more projects completed.

Officials at the **Cole R-1 Schools** assume no additional fiscal impact; however, it could save schools money.

Oversight assumes this proposal would not fiscally impact the State. However, individual school districts may experience a savings. For fiscal note purposes, Oversight will assume a savings that could exceed \$100,000 annually.

Officials at the following schools: Blue Springs Public Schools, Caruthersville School District, Columbia Public Schools, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, Springfield School District, St

ASSUMPTION (continued)

Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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LOCAL SCHOOL DISTRICTS

<u>Savings</u> - School Districts - exemption from prevailing wage requirements	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>
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ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>	Could exceed <u>\$100,000</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

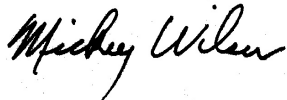
FISCAL DESCRIPTION

This bill establishes the School Construction Act which exempts construction and maintenance work done for certain school districts from the prevailing wage requirement upon majority vote of the district's school board. The school district must notify the Division of Labor Standards within the Department of Labor of the exemption. This provision does not apply to school districts in Jackson, St. Charles, St. Louis or Jefferson counties.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Branson Public Schools
Cole R-1 Schools
Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Everton R-III School District
Kansas City Public Schools
Parkway Schools
Riverview Gardens School District
Special School District of St. Louis



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January 22, 2015

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